

United Utilities, Inc.

Affiliate of Unicom



Steve Hamlen
President

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August 14, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, D.C. 20554

Dear Ms. Salas:

Enclosed are the original and sixteen (16) copies of the Comments of United Utilities, Inc. in response to the Commission's Notice of Proposed Rulemaking in CC Docket No. 98-77.

We are enclosing an extra copy of our Comments to be stamped and returned in the enclosed self-addressed envelope.

Any questions regarding this filing may be directed to me at (907) 561-1674.

Sincerely,

cc: **Competitive Pricing Division**
Common Carrier Bureau
Room 518
1919 M Street, N.W.
Washington, D.C. 20554

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
)
Access Charge Reform for Incumbent)
Local Exchange Carriers Subject to)
Rate-of-Return Regulation)

CC Docket No. 98-77

COMMENTS OF UNITED UTILITIES, INC.

I. Background

1. United Utilities, Inc. (United) is a small, Native-owned, incumbent local exchange carrier serving approximately 5,500 access lines in 58 remote communities in the Alaskan "bush". Transportation to and from these communities is, for the most part, by air or water as only 4 of the 58 communities are accessible by road. Two-thirds of these communities have fewer than 100 access lines. Household telephone penetration rates average 70% with some communities having as few as 50% of households with a phone.

2. The residents of these "bush" communities are Native Alaskans that have a predominantly subsistence lifestyle. According to 1995 demographic data compiled by United and based on 1990 U.S. Census Data and information supplied by the state of Alaska, approximately 85% of all households in these communities are at the poverty level and 80% of all households are receiving some form of public assistance. (Refer to EXHIBIT A). A recent article that appeared in the August 9, 1998 edition of the Anchorage Daily News brings to life the economic hardships that are typical of the communities served by United. The article, entitled "Formula airlifted to babies: Poor fishing pushes Emmonak to edge", states that the community of Emmonak is in "one of the state's [Alaska] most isolated and economically depressed regions". A poor commercial king salmon harvest resulted in the need to bring in Red Cross assistance with state assistance expected to follow. (Refer to EXHIBIT B, which contains the article in its entirety reprinted with permission from the Anchorage Daily News).

II. Access Charge Reform Should Not Create Additional Hardships for Low-Income Households

3. United is concerned that the Federal Communications Commission's (FCC) proposed access charge reform for rate-of-return (ROR) incumbent local exchange carriers (ILECs) will increase the cost of basic local and state long distance services in remote Alaskan communities.

4. Price increases would result, in part, from interexchange carriers (IXCs) assessing end users a new, flat-rated charge. The charge is expected to recover the cost of the presubscribed interexchange carrier charge (PICC) that the FCC proposes be assessed on IXCs by ROR ILECs.

5. Approximately 75% of all long distance calling done by United's customers is intrastate in nature. (Most interstate calling is done by temporary residents, including teachers and seasonal workers). Therefore, any reductions in interstate long distance calling rates that the FCC believes will result from the proposed reform will be of little, if any, benefit to most of United's customers.

6. Under the proposed reform, it is anticipated that customers will be paying a new, monthly, flat-rated charge in addition to the current subscriber line charge (SLC) and the cost of

basic local service--all this just to be connected to the nationwide network.

**III. Proposed Access Charge Reform Will Likely Require
that the Amount of Federal Assistance to Low-Income Households Be Increased**

7. Household telephone penetration rates in remote Alaskan communities, where significant numbers of low-income consumers live, is now well below the nationwide average of 94%. (The nationwide telephone subscribership level is taken from the FCC's Telephone Subscribership Report based on the March 1998 survey conducted by the Census Bureau. Refer to EXHIBIT C). Increased federal assistance to low-income households is required if additional costs are imposed directly on end users increasing the cost of basic service. Low-income households can least afford an increase. Shifting costs onto these households via a new flat, monthly charge or shifting interstate general support facilities costs onto local ratepayers will only increase the magnitude of the amount of assistance needed for low-income households. United respectfully requests that the FCC not force additional costs onto low-income households without first providing compensatory increases in the amount of federal assistance.

Respectfully submitted this 14th day of August 1998,

A handwritten signature in cursive script, reading "Steve Hamlen".

Steve Hamlen
President

UNITED UTILITIES, INC.
EXHIBIT A
1995 DEMOGRAPHIC DATA

ALPHA	EST. # PERSONS (Based on U.I. applications)	EST. # PERSONS (April 1994 U.S. Census)	EST. # HH (A) / (B)	#HH at Poverty Level (Census)	#HH in State Welfare Program	#HH in Other Public Assistance Programs	# Access Lines 1995 UOI Residential	EST. #HH 1995 UOI Residential
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
AKIACHAK	542	4.27	127	118	21	89	61	60
AKIAK	320	4.25	75	66	16	35	42	41
ALAKANUK	604	4.50	134	121	38	154	88	86
ARCTIC VILLAGE	132	2.67	49	39	52	22	18	17
ATMAUTLUAK	279	4.87	57	54	28	62	43	42
BEAVER	103	2.40	43	35	24	15	19	21
BIRCH CREEK	39	2.80	14	17	17	7	7	7
CENTRAL	58	1.93	30	27	8	4	63	64
CHALKYITSIK	83	2.73	30	27	0	13	16	16
CHEFORNAK	371	5.00	74	70	53	90	48	46
CHENEGA BAY	96	3.03	32	21	1	2	23	23
CHEVAK	682	4.07	168	148	112	166	101	102
CHUATHBALUK	125	3.46	36	19	0	25	19	19
EEK	283	3.53	80	72	34	68	66	63
EMMONAK	762	3.99	191	156	78	146	129	128
GAMBELL	628	4.38	143	124	58	90	87	84
GOODNEWS BAY	253	3.65	69	63	31	55	44	44
HOOPER BAY	996	4.45	224	192	156	239	118	107
KASIGLUK	506	4.78	106	98	41	108	85	77
KIPNUK	544	4.73	115	94	29	113	113	108
KONGIGINAK	336	4.90	69	61	29	59	51	48
KOTLIK	543	4.56	119	107	26	113	78	79
KWETHLUK	649	4.39	148	130	28	110	89	89
KWIGILLINGOK	326	4.48	73	66	13	59	62	61
LAKE MINCHUMINA	36	2.67	13	15	0	1	13	13
LIME VILLAGE	61	3.00	20	15	15	12	10	10
LIVENGOOD	0	0.00	??	0	0	7	11	11
MANLEY	99	2.09	47	52	14	11	49	50
MARSHALL	298	3.90	76	78	24	53	47	47
MEKORYUK	212	2.81	75	57	37	35	51	50
MINTO	245	3.30	74	57	36	54	33	33
MT. VILLAGE	758	4.55	167	153	43	113	128	126
NAPAKIAK	326	3.93	83	80	47	91	52	52
NAPASKIAK	404	4.43	91	74	52	87	54	52
NEWTOK	275	4.93	56	43	24	53	32	32
NIGHTMUTE	189	5.28	36	25	2	36	26	25
NIKOLAI	125	2.73	46	40	27	28	20	20
NUNAPITCHUK	456	4.34	105	91	24	83	74	71
PILOT STATION	523	4.63	113	104	63	125	76	75
PLATINUM	44	2.91	15	26	12	7	9	9
QUINHAGAK	549	3.94	139	132	62	108	91	90
RAMPART	77	2.83	27	30	11	5	17	17
RUSSIAN MISSION	295	4.39	67	56	0	68	46	46
SAVOONGA	604	4.47	135	125	83	109	93	85
SCAMMON BAY	434	4.04	107	81	61	99	55	54
SHELDON POINT	131	4.04	32	27	21	32	17	18
STEVENS VILLAGE	95	2.76	34	6	42	23	13	12
ST. MARY'S	479	3.74	128	34	16	89	144	146
TAKOTNA	51	2.53	20	14	4	8	7	7
TELIDA	9	3.67	2	10	2	0	2	2
TOGIAK	700	4.06	172	154	40	84	140	138
TOKSOOK BAY	485	4.77	102	81	30	77	81	82
TULUKSAK	380	4.84	79	69	25	72	42	39
TUNTUTULIAK	340	4.29	79	74	49	77	54	55
TUNUNAK	354	4.05	87	76	24	59	63	64
TWIN HILLS	75	2.64	28	18	2	6	13	13
VENETIE	224	3.64	62	51	58	47	32	31
TOTAL	20,588	4.14	4,528	3,873	1,843	3,603	3,065	3,007

Data in columns A through F supplied by State of Alaska. (The count of households by village is an estimate determined by dividing data in column A by column B). "Other Public Assistance" programs in Column F refers to Aid to Families with Dependent Children, Food Stamps, Adult Public Assistance and Medicaid. Approximately 85% of all households in UUI exchanges are at the poverty level (see columns C and D) and 80% of all households are receiving some form of public assistance (see columns C and F).

Formula airlifted to babies

Poor fishing pushes Emmonak to edge

By ROSANNE PAGANO

The Associated Press

A Red Cross airlift of infant formula arrived at the Southwest Alaska village of Emmonak on Saturday, and relief coordinator Nick Tucker Sr. says it was just in time.

Emmonak is among a dozen lower Yukon River villages dependent on commercial king salmon harvests in one of the state's most isolated and economically depressed regions.

Poor runs this year have left families with so few fish that women had begun showing up at the Emmonak shelter and food bank seeking infant food, Tucker said.

"It would have been very difficult to go through the night," Tucker said Saturday, expressing the village's gratitude. "Now we have a tonight and a tomorrow."

The Red Cross said it first received word of the villagers' plight late Thursday and began verifying needs and seeking donations Friday.

By Saturday, in time for a 4 a.m. cargo flight from Anchorage, 192 cans of powdered infant formula — each weighing 2.5 pounds — was ready for shipment.

Leeann Taylor, Anchorage-based emergency services director for the Red Cross, said the formula was enough to last roughly 100 babies for two weeks. About 900 people live in the predominantly Yupik village near the Bering Sea coast.

"Initially we were told the situation is very grave," Tucker said Saturday. "We asked

UNITED UTILITIES, INC.

EXHIBIT B

Reprinted with permission from the Anchorage Daily News, this article appeared in the August 9, 1998 edition.

Please see Page B-3, AIRLIFT

AIRLIFT: Red Cross sends food to Emmonak

Continued from Page B-1

about the number of infants in need, we spoke with the city manager about how the food would be distributed and we asked about state agency assistance — when and how that might begin.

"We were told there were some community members with no food in their homes," Taylor said.

The Red Cross said it obtained donated infant powder from Wal-Mart, and donated shipping from Air Land Transport and Northern Air

Cargo.

In Emmonak, authorities say the regionwide king harvest was about one-third of the usual catch of 105,000 fish. Income from commercial fishing is applied to daily needs such as heat or fuel for subsistence hunting.

"I'm sure we're not the only village going through this," said Freida Costley, an Emmonak tribal council administrator who three weeks ago helped set up a food bank that began distributing infant formula donated by local stores.

The village turned to the Red Cross after finding local donations could not keep pace. "We just couldn't give (infant food) to them once and then forget it," Costley said.

Costley, who said she's expecting her sixth child next month, said she and her husband are employed but still count themselves among villagers displaced by poor fishing. She said Saturday she

has foregone some prenatal care because money is tight but was assured her baby is fine.

"Everybody is connected to fishing in some way," she said.

Gov. Tony Knowles last month declared Western Alaska a disaster area based on poor salmon harvests. The Red Cross said state relief teams were due in Emmonak as soon as Monday.

UNITED UTILITIES, INC.

EXHIBIT C

News media Information 202 / 418-0600
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>



NEWS Commission
1155 M Street, NW
Washington, D. C. 20554

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

July 27, 1998

FCC RELEASES NEW TELEPHONE SUBSCRIBERSHIP REPORT

The FCC today released its latest report on telephone subscribership levels in the United States. The report presents subscribership statistics based on a survey conducted by the Census Bureau in March 1998. Statistics from that survey estimated that 94.1% of all households in the United States had telephone service. This is up 0.3% from the last report, for November 1997, and up 0.2% from March 1997. These increases are not statistically significant. The report also shows different subscribership levels by state, income level, race, age, household size, and employment status.

In March 1998, the telephone subscribership penetration rate was 75.7% for households with annual incomes below \$5,000, while the rate for households with incomes over \$75,000 was 99.1%. By state, the penetration rates ranged from 86.6% in Arkansas to 98.3% in Utah. Households headed by whites had a penetration rate of 95.1%, while those headed by blacks had a rate of 88.1% and those headed by Hispanics had a rate of 88.8%. By age, penetration rates ranged from 86.8% for households headed by a person under 25 to 96.3% for households headed by a person between 65 and 69. Single person households with had a penetration rate of 91.2%, compared to a rate of 95.5% for households with two or three people. The penetration rate for unemployed adults was 88.3%, while the rate for employed adults was 95.7%.

This report is updated three times a year and is available in the Common Carrier Bureau's public reference room, 2000 M Street, NW, Room 575, Washington, DC. Copies may be purchased by calling International Transcription Service at (202) 857-3800. This report can also be downloaded [file name: SUBS0398.ZIP or SUBS0398.PDF] from the **FCC-State Link** internet site, which can be reached at <http://www.fcc.gov/ccb/stats> on the World Wide Web. The report can also be downloaded from the **FCC-State Link** computer bulletin board system at (202) 418-0241.

For further information, contact Alexander Belinfante at (202) 418-0944.

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